THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRl MURLI DEORA): (a) The Global prices of crude oil and petroleum products have remained high and volatile since 2004 with the Indian Basket of crude oil having reached its all time high of $ 92.13/ barrel on 26.11.2007. The price of crude oil and petroleum products in the international market fluctuates on daily basis.

(b) As far as physical supplies of crude and petro-products are concerned, no major supply shortage has been reported in the international market. In the recent years, Government has diversified the source of crude oil to about 25 countries, has encouraged the oil PSUs to pursue equity oil and Exploration & Production activities abroad and has also encouraged use of bio-diesel & ethanol blended petrol in the country. Also, a Strategic Reserve for crude oil of 5 MMT capacity is scheduled to come up at Vizag, Mangalore and Padur to deal with short term supply distribution.

(c) The Government has extended the existing Subsidy Schemes, namely, "PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" and "Freight Subsidy (for far flung areas) Scheme, 2002" for a period of three more years i.e. from 1.4.2007 to 31.3.2010.

The final rate of subsidy admissible under "PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" and "Freight subsidy (for far Flug areas) Scheme, 2002" would be the same as followed from 2004-05 onwards i.e. one-third (l/3rd) level of the rate of subsidy of 2002-03.

Hike of price of petro products

1595. SHRI KUMAR DEEPAK DAS: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the fiscal measures being taken to compensate State-run firms for selling fuel below cost; and

(b) whether there is any proposal for price hike on fuel like petrol, diesel, kerosene and LPG?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) The Government is partly compensating the Public Sector Oil Marketing Companies (OMCs) for their under-recoveries resulting form the impact of high international oil prices on retail price of sensitive petroleum products. The following fiscal measures have been taken to compensate OMCs.

* Issue of Oil Bonds for an amount equal to 42.7% of their under-recoveries accrued from sale of sensitive petroleum products.

*Sharing of under-recoveries by the upstream oil companies by offering discounts on crude oil and petroleum products.

*Rationalisation of taxes and duties on crude oil and sensitive petroluem products.

(b) As regards pricing of sensitive petroleum products namely petrol, diesel, PDS Kerosene and Domestic LPG, Government has been taking all possible measures to ensure that there is no hardship to the common man. The Government has adopted the principle of equitable burden sharing to protect the interest of common man and vulnerable section of society. The Government is closely monitoring the international oil prices and will continue to protect the interests of consumers.